

Annual Report

for the year ending March 31, 1999

**Prince Edward Island
Housing Corporation**



**Health and
Social Services**

Annual Report

for the year ending March 31, 1999

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Tel 902 368 4930
Fax 902 368 4969
<http://www.gov.pe.ca/>

Health and Social Services

Office of the Minister
PO Box 2000
Charlottetown
Prince Edward Island
Canada C1A 7N8

November 4, 1999

The Honourable Gilbert Clements
Lieutenant-Governor
Province of Prince Edward Island

May It Please Your Honour:

It is my privilege to submit to you the Prince Edward Island Housing Corporation
Annual Report for the fiscal year ending March 31, 1999.

Respectfully submitted,

Mildred Dover
Minister Responsible for the PEI Housing Corporation



Tel 902 368 4935
Fax 902 368 4969
www.gov.pe.ca/

Health and Social Services

Office of the Deputy Minister
PO Box 2000
Charlottetown
Prince Edward Island
Canada C1A 7N8



Tél. : 902 368 4935
Téléc. : 902 368 4969
www.gov.pe.ca/

Santé et Services sociaux

Bureau du sous-ministre
C.P. 2000
Charlottetown
Île-du-Prince-Édouard
Canada C1A 7N8

November , 1999

Hon. Mildred Dover
Minister Responsible for
The P.E.I. Housing Corporation
Charlottetown
Prince Edward Island

Dear Minister:

I am pleased to submit the Annual Report of the Prince Edward Island Housing Corporation for the year ended March 31st, 1999.

Respectfully submitted,

Carol Anne Duffy
Chief Executive Officer, PEI Housing Corporation

Introduction

The objective of the Prince Edward Island Housing Corporation is to provide Islanders of low and moderate income with access to safe, affordable, adequate housing.

The Housing Corporation shares responsibility in the housing field with the five Regional Health Authorities. The Corporation is responsible for provincial coordination of programs and for liaison with the Federal Government on housing issues. It is responsible for overseeing the administration of federal-provincial agreements in the housing field. The Regional Authorities are responsible for the staffing and actual delivery of programs.

In carrying out its mandate the Corporation works with many partners. Chief among these is the Canada Mortgage and Housing Corporation. CMHC, representing the Federal Government, works with the Province to coordinate housing activity. It provides cost-sharing of provincial programs involving 1,700 units and directly administers another 900 federally funded social housing units.

Many others partners in the housing field deserve recognition. We acknowledge the contribution of the many volunteers who serve on the nine Family Housing Boards across the province. The Credit Unions, as well, continue to work with the Corporation in the provision of funds under the Rural Mortgage Lending Program. Seniors and other client groups, municipal representatives, the construction industry, and tenants all play an important partnership role in bringing affordable housing to Islanders. We are pleased to acknowledge their contribution.

Housing Programs

Over the years numerous studies have shown a direct relationship between the health of a population and the availability of good housing. Over the last 35 years, through its social housing program, the province has worked to ensure good housing to low and moderate income Islanders.

In assessing the availability of good housing three characteristics are considered: suitability, adequacy, and affordability. **Suitability** relates to whether a dwelling has enough space, sufficient bedrooms, etc., given the size and composition of the household. **Adequacy** relates to whether a dwelling has all the basic plumbing facilities and whether it is in generally good repair. **Affordability** refers to whether a household spends more than 30 percent of its income on shelter. A dwelling must meet all three criteria, Suitability, adequacy, and affordability before its occupants can be considered well housed,

The Seniors Housing Program and Family Housing Program support the rental housing needs of seniors and families. The Seniors Housing Program operates 1172 units while the Family Housing program operates 467 units.

For low and moderate income homeowners, as opposed to renters, the Department provides assistance with maintenance and renovations. The **Emergency Home Repair Program**, is intended to assist homeowners when an emergency arises that could endanger the health or safety of the household.

To meet the need for more extensive renovations the province and the federal government jointly fund the **Residential Rehabilitation Assistance Program (RRAP)**. This program is administered by the Canada Mortgage and Housing Corporation. The objective of both programs is to assist homeowners to live independently in their own home.

Overview

While the vacancy rate within the Senior Citizen Housing Program is no greater than in the private sector, it is higher in rural areas. There are a number of factors contributing to this, such as the trend to urbanization and growing demand for two-bedroom units. With seniors income increasing the system of rent which is based on 30 percent of household income, more seniors are in a position to consider a larger, newer apartment in the private sector. There is no doubt that as seniors income increases the private sector is increasingly an option. When these factors contributed to vacancies in the Crapaud Seniors Complex, the Queens Region responded by renovating and developing a mix of Seniors and Family Housing - with excellent results.

In response to upgraded expectations under the revised Life Safety Code fire safety regulations, Regional housing staff inspected all senior citizen housing units and noted a number of deficiencies. In response, each Health Region developed a plan to remedy the deficiencies in their area. The renovations involve the installation of doors and/or larger windows to serve as a second exit from a unit in case of fire. In some instances the proposed remedy involves the installation of a sprinkler system. It is proposed to carry out the renovations over a one to three year period. The plan has been submitted to the Fire Marshall's office for approval.

The "empty nester" phenomenon shows up in the province's Family Housing Program when the children of families in the program grow up and leave the home. This results in a situation in which the parent(s) have more bedrooms than they require, due to family leaving home, while there are large families on the waiting list. Part of the answer may reside in the Seniors and Family Housing Programs working more closely together to ensure that when a tenant leaves Family Housing a suitable unit in seniors housing is available.

Most of the Social Housing in the province was constructed thirty to thirty-five years ago. At this age, increasing maintenance costs can be anticipated. Moreover, changing expectations on the part of seniors and, emerging concepts such as "aging in place" with its call for more support services, may require the province to plan for renovations to its social housing resource.

During the past year Queens Region Housing Services implemented a computerized maintenance information system to track and produce reports on all expenditures relating to their maintenance operation. It can also be utilized to maintain historical data such as the date of construction of each building, any special features it may have, paint rotation schedule, warranties, and a host of other important data. Should the system prove out for Queens its introduction may be considered by other Regions.

Rural Mortgage Lending Support Program activity rose significantly during the past year. Funds provided to Credit Unions for this purpose increased from \$1,140,000 to \$ 1,232,600. This reflected an increase in mortgage approvals from 27 to 41. Twenty-seven of these were for new home construction, an increase of twelve over the previous year.

Provincial Housing Services

Senior Citizens Housing

Senior Citizens Housing provides self-contained apartment units for seniors in communities across Prince Edward Island. Tenants are selected based on their need for housing assistance. Rents are based on a rent-to-income scale. The subsidies required are funded by the Federal and Provincial Governments. Senior Citizens Housing units are located in thirty-eight communities across the province:

Abrams Village	5	Murray River	6
Alberton	16	New London	8
Bedeque	6	O'Leary	24
Belfast	6	Parkdale	40
Borden	22	Rollo Bay	14
Cardigan	4	Rustico North	6
Charlottetown	400	Rustico South	4
Cornwall	14	Sherwood	36
Crapaud	15	Souris	81
Georgetown	16	St. Charles	4
Hunter River	14	St. Louis	4
Kensington	50	St. Peters	9
Kinkora	12	Summerside	152
Miscouche	18	Tignish	14
Mont Carmel	6	Tracadie Cross	4
Montague	91	Tyne Valley	11
Morell	12	Vernon River	5
Mt. Stewart	6	Wellington	22
Murray Harbour	6	Wilmot	6

The annual expenditure on operations and maintenance of Senior Citizens Housing totalled approximately \$3.9 million in fiscal 1998-99. This money is used to pay for heat, electricity, and property taxes, as well as maintenance, and some major repairs. Most of these expenditures stay in the region with local suppliers and tradespeople.

Program Data

Region	Total # of Units	New Application s	# of Reassess- ments	# of Interviews	# of Place- ments	Deletions from Waiting List	Waiting List	
							Active	Inactive
West Prince	58	32	39	58	8	16	31	0
East Prince	318	79	16	210	64	28	42	8
Queens	541	90	10	100	86	25	148	413
Southern Kings	137	17	13	36	21	1	44	45
Eastern Kings	120	30	12	32	16	6	8	5
Total	1,174	248	90	436	195	76	273	471

* Includes five Garden Suites

Garden Suites

Garden Suites are a form of Seniors Housing. These one bedroom units are located on a host property, usually of a relative. When no longer required in one area they can be readily moved to the next area of need. There are five Garden Suites in the province's housing portfolio.

Helping Hands for Seniors

This is a summer program that combines employment for students under the ***Jobs for Youth*** program, with services to senior citizen homeowners. Under the program, students assist seniors with minor maintenance items such as painting, yard clean-up, etc. Salaries are paid by the Employment Development Agency while seniors provide the material.

Program Data

Region	# of Students	Applications Received	Applications Approved
West Prince	4	32	30
East Prince	4	42	35
Queens	6	50	47
Southern Kings	3	26	23
Eastern Kings	1	32	32
Total	18	182	167

Family Housing

The Family Housing Program provides rent geared-to-income housing for families with low to moderate incomes. There are nine housing authorities in the province. While tenant selection and operational management of these units is the responsibility of the local housing authority, processing of the applications is the responsibility of Regional Housing staff. Regional staff also provide policy direction and advice to the local housing board and project managers. The annual expenditure for the program is approximately \$2.25 million.

Family Housing Boards and Number of Units Administered

Alberton	22	O'Leary	23
Charlottetown Area	170	Souris	36
Georgetown	25	Summerside	100
Montague	58	Tignish	16
Mt. Stewart	6		

Program Data

Region	# of Units	New Applications	Applications Reassessed	Applications Cancelled	Placements	Applications on File
West Prince	61	45	1	37	3	59
East Prince	100	75	11	2	20	167
Queens	187	124	34	108	28	503
Southern Kings	83	50	14	63	25	106
Eastern Kings	36	25	10	5	10	15
Total	467	319	70	216	86	850

Rent Supplement Program

Housing staff administer a number of rent supplement units in Charlottetown and Summerside. This program utilizes existing private market housing to provide accommodations for families selected from the family housing waiting lists. Rents are made affordable for the families via rent subsidies. The total number of rent supplement units under administration is eighteen; twelve in Charlottetown and six in Summerside.

Emergency Home Repair Program

The Emergency Home Repair Program is a provincially funded program which provides financial assistance to make urgently needed home repairs. Such repairs must be necessary to ensure the physical safety and health of the occupants. Eligible applicants are seniors, persons with a disability, and individuals receiving Social Assistance. The program covers 50 percent of the cost of such repairs, up to a maximum of \$1,000.

Program Data

Region	Applications Approved	Amount Expended
West Prince	15	\$10,325
East Prince	20	\$12,199
Queens	31	\$19,225
Southern Kings	32	\$12,397
Eastern Kings	6	\$ 3,896
Total	104	\$58,042

Social Housing

Thirteen housing units are made available to low and moderate income families on a rental or lease-purchase basis.

Rural and Native Housing

This program provides rent geared-to-income housing for low and moderate income families. There are thirty units across the province. Any operating subsidies are cost-shared between the Federal and Provincial Governments.

Rural Community Housing

This program provides affordable rental housing in smaller centers. Thirteen units are administered by provincial housing staff.

Region	Social Housing		Rural & Native Housing		Rural Community Housing	
	Lease/ Purchase	Rental	Lease/ Purchase	Rental	Lease/ Purchase	Rental
West Prince	3	-	15	2	-	2
East Prince	0	-	-	5	-	4
Queens	6	1	-	1	-	2
Southern Kings	1	-	2	2	-	3
Eastern Kings	2	-	-	3	-	2
Total	12	1	17	13	-	13

Rural Mortgage Lending Support Program

The Rural Mortgage Lending Support Program is a provincial home ownership initiative designed to improve access to conventional mortgage financing by homeowners wishing to locate in smaller communities and rural areas. The program also supports the rural community development efforts of the Province. In cooperation with the Prince Edward Island Credit Union League, the Province provides long term loan funds to local Credit Unions. In turn, Credit Unions use the funds to provide rural homeowners with conventional mortgages at fair market rates. Standard lending practices apply to the mortgage loans. The maximum house price, or construction cost, for the homes is \$95,000.

The Province, through the Prince Edward Island Housing Corporation, provided \$1,232,600 to Credit Unions in 1998/99, which financed 41 mortgage approvals. Of these 41 mortgages, 14 were issued to acquire existing homes, and 27 were provided for newly constructed homes.

Residential Rehabilitation Assistance Program (RRAP)

This is a Federal/Provincial cost shared (75/25) program which is directly administered by Canada Mortgage and Housing Corporation. There are four components:

Homeowner RRAP

Provides assistance to low income homeowners to bring their property up to minimum health and safety standards.

RRAP for Disabled Persons

Provides assistance to households by persons with disabilities who require special modifications to improve accessibility to their residence.

Emergency Repair Program

Provides assistance to homeowners in rural and remote areas to undertake emergency repairs required for the continued safe occupancy of their residence

Home Adaptation for Seniors Independence (HASI)

HASI assists low-income Canadians, 65 or older, whose difficulties in daily living can be addressed through adaptations to their homes.

	Homeowner	Disabled	ERP	HASI	Total
Expenditure	790,052	427,587	40,785	35,133	1,293,557
Loans	73	53	11	15	152
Average Loan	10,823	8,068	3,708	2,342	8,510

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PRINCE EDWARD ISLAND

HOUSING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 1999

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

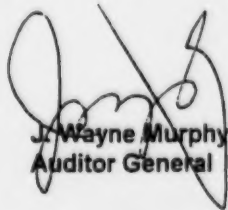
AUDITOR'S REPORT

Hon. Mildred Dover
Minister of Health and Social Services
Province of Prince Edward Island

I have examined the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 1999 and the statement of revenue and expenses for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations for the year then ended in accordance with the basis of accounting disclosed in Note 1 to the financial statements.



J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
June 30, 1999

STATEMENT 1

**PRINCE EDWARD ISLAND HOUSING CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1999**

ASSETS

	<u>1999</u>	<u>1998</u>
Current Assets		
Cash	\$ 11,800	\$ 15,500
Accounts Receivable	479,700	206,600
Deposit Receipts - Note 1(a)	<u>283,600</u>	<u>271,400</u>
	<u>775,100</u>	<u>493,500</u>
 Notes Receivable - Note 2	 <u>10,649,300</u>	 <u>9,978,400</u>
 Mortgages Receivable	 <u>717,900</u>	 <u>907,700</u>
 Investment in Properties		
Agreements of Sale - Note 3	70,600	88,300
Land for Resale or Development - Note 4	474,800	560,600
Federal-Provincial Projects - Note 5	6,252,300	6,281,000
Rental Housing Projects - Note 6	<u>46,966,800</u>	<u>47,751,800</u>
	<u>53,764,500</u>	<u>54,681,700</u>
 TOTAL ASSETS	 <u>\$65,906,800</u>	 <u>\$66,061,300</u>

LIABILITIES AND EQUITY

Current Liabilities		
Accounts Payable and Accrued Liabilities	<u>\$ 3,319,200</u>	<u>\$ 2,797,800</u>
 Long Term Liabilities		
CMHC - Note 7	36,173,400	36,586,300
Province of PEI - Note 8	21,324,300	21,224,500
Other - Note 9	<u>-</u>	<u>338,200</u>
	<u>57,497,700</u>	<u>58,149,000</u>
 Reserves		
Co-operative and Social Housing - Note 1(a)	28,800	47,400
Replacement Reserve - Note 1(a)	<u>67,700</u>	<u>64,800</u>
	<u>96,500</u>	<u>112,200</u>
 Equity Contributed by the Province of PEI - Note 10	 <u>4,993,400</u>	 <u>5,002,300</u>
 TOTAL LIABILITIES AND EQUITY	 <u>\$65,906,800</u>	 <u>\$66,061,300</u>

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 1999

	<u>1999</u>	<u>1998</u>
Revenue		
Appropriations from the Province of PEI - Note 11	\$5,661,400	\$5,785,200
Expenses		
Amortization	804,900	717,700
Interest	4,517,000	4,756,900
Property Taxes	156,600	158,600
Grants Issued	182,900	116,400
Miscellaneous	-	35,600
Total Expenses	<u>5,661,400</u>	<u>5,785,200</u>
Net Result	<u>\$ -</u>	<u>\$ -</u>

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1999

1. Significant Accounting Policies:

- (a) Trust reserves are set aside for contingencies in co-operative and social housing and are offset by investments in deposit receipts with the Province of PEI.

Replacement reserves are in place on certain rental properties as required by agreements with C.M.H.C. and those funds are also invested in deposit receipts with the Province of PEI.

- (b) Amortization on rental properties is equal to the principal reduction in the corresponding long term indebtedness.

- (c) Federal-Provincial project costs are amortized over the life of the Federal-Provincial agreement. Accumulated amortization represents principal reductions to date on the original investment of the Province of PEI.

- (d) Long term liabilities include the current portions of the long term debt.

2. Notes receivable are comprised of long term loan funds provided by the Corporation for use by local credit unions in providing real property mortgages in rural areas. The loans are secured by an assignment of book debts and postponement agreements on the mortgage assets of the credit unions.

	<u>1999</u>	<u>1998</u>
Notes Receivable	\$10,366,700	\$9,699,600
Accrued Interest	<u>282,600</u>	<u>278,800</u>
	<u>\$10,649,300</u>	<u>\$9,978,400</u>

3. Investments in properties under agreements of sale are recorded at cost less tenants' equity.

	<u>1999</u>	<u>1998</u>
Cost	\$434,900	\$ 434,900
Tenants' Equity	<u>(364,300)</u>	<u>(346,600)</u>
	<u>\$ 70,600</u>	<u>\$ 88,300</u>

4. Investment in land for resale or development consists of the following:

	<u>1999</u>	<u>1998</u>
Hillsborough Development		
Developed - at cost	\$125,400	\$142,900
Undeveloped - at 1986 appraised values	105,700	174,000
Other undeveloped land	<u>243,700</u>	<u>243,700</u>
	<u>\$474,800</u>	<u>\$560,600</u>

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1999

5. Investments in Federal-Provincial projects are recorded at the Housing Corporation's cost less accumulated amortization and consist of the following:

	<u>1999</u>	<u>1998</u>
Family Housing	\$2,248,600	\$2,248,600
Senior Citizens Housing	3,930,400	3,930,400
Rural and Native Housing	<u>317,200</u>	<u>317,200</u>
	6,496,200	6,496,200
Less: Accumulated Amortization	<u>243,900</u>	<u>215,200</u>
	<u>\$6,252,300</u>	<u>\$6,281,000</u>

6. Rental Housing properties are recorded at cost less accumulated amortization and consist of the following:

	<u>1999</u>	<u>1998</u>
Family Housing	\$11,809,800	\$11,809,800
Senior Citizens Housing	19,131,000	19,131,000
Homes for Special Care	21,371,300	21,371,300
Social Housing	<u>17,900</u>	<u>17,900</u>
	52,330,000	52,330,000
Less: Accumulated Amortization	<u>5,363,200</u>	<u>4,578,200</u>
	<u>\$46,966,800</u>	<u>\$47,751,800</u>

7. Loans payable to Canada Mortgage and Housing Corporation consist of the following:

	<u>1999</u>	<u>1998</u>
Mortgages Payable	\$31,289,400	\$31,496,200
Debentures Payable	4,452,300	4,548,900
Loans Payable	<u>431,700</u>	<u>541,200</u>
	<u>\$36,173,400</u>	<u>\$36,586,300</u>

The above amounts include approximately 100 individual balances at varying interest rates and maturity dates.

8. Long-term liabilities to the Province are made up of approximately 60 loans having varying interest rates and maturity dates.

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1999

9. Other long-term liabilities consist of the following mortgage obligations which are secured by land and buildings:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding</u>	
			<u>1999</u>	<u>1998</u>
Senior Citizens Housing:				
Bank of Montreal (St. Louis)	7.92%	July 1998	\$ -	\$201,600
Family Housing:				
Bank of Montreal (Ch'town)	8.17%	Apr. 1998	-	136,600
			<u>\$ -</u>	<u>\$338,200</u>

10. Equity Contributed by the Province of PEI.

Beginning balance - April 1, 1998		\$5,002,300
Additions for the year - Manors		2,800
Deductions for the year - Senior Citizens Housing	\$5,000	
- Family Housing	<u>6,700</u>	<u>(11,700)</u>
Ending balance - March 31, 1999		<u>\$4,993,400</u>

11. Provincial Appropriations

The appropriations from the Province of PEI represent amounts provided for program expenditures incurred directly by the Housing Corporation and do not relate to expenditures on activities administered by the Regional Health Authorities on the Corporation's behalf. Separate appropriations are provided for these Regional programs that are reported in their financial statements. The various revenues earned on Housing Corporation activities are reported in the Province's Public Accounts.